

Electronic Funds Transfer

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ETA Is a Year Old . . . and Growing

The Electronic Transfer Account, or *ETASM*, recently marked its first anniversary, and now 49 States and the District of Columbia, together with U.S. Territories, are offering the low-cost, federally insured account. Participating financial institutions—banks, savings and loans, and credit unions—provide the Department of the Treasury's newest payment option to Federal recipients at multiple locations.

Financial institutions can request an *ETA* enrollment kit or get more information by calling 1-888-382-3725. They can also visit the Web site: www.fms.treas.gov/eta.



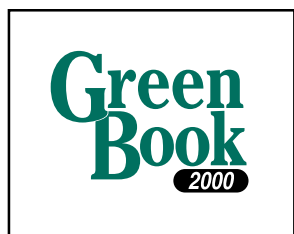
**ETA Financial Institution
Providers and
Office/Branch
Locations, August 2000**

**Providers: 597
Provider office/branch locations: 6,191**

To determine *ETA* provider locations nationwide, call 1-888-382-3311, toll-free, or visit the Web site: www.eta-find.gov.

FIs Have an Easy Read for Processing Federal ACH Transactions

The Financial Management Service (FMS) published its revised Green Book in April. "Green Book 2000" is the revised procedures manual for financial institutions processing Federal payments and collections made through the



Automated Clearing House (ACH). Users of the Green Book will notice that a significant amount of

information has been removed from "Green Book 2000." This is to reflect changes brought about by adoption of the NACHA—The Electronic Payments Association Operating Rules, with certain exceptions, through revision of the Federal Government's ACH regulation (31 CFR Part 210, Federal Government Participation in the Automated Clearing House). This regulation is available on FMS' Web site at

www.fms.treas.gov/ach/.

"Green Book 2000" is available on the World Wide Web, in print, and on compact disk (CD-ROM). The Web version became available in March at www.fms.treas.gov/greenbook. It can be downloaded in portable document format (PDF) in its entirety or by chapter. Visit the Web site and sign up for updates and e-mail notification.

How does "Green Book 2000" differ from the previous version?

■ FMS has streamlined the Green Book to make it a more user-friendly document for financial institutions and updated all information.

■ Since the Government has adopted NACHA Operating Rules (with exceptions) through 31 CFR Part 210, redundant information has been removed. The focus of the revised Green Book is to deal with the exceptions or those issues unique to Federal

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Government payments.

■ FMS has revised the reclamations chapter to make it easier to understand and to clearly point out the obligations and liabilities for financial institutions.

■ Finally, FMS has updated Federal agency contact information and added Web site addresses where appropriate.

For more information, contact Joann Franklin at (202) 874-7018.

SSA Payments Often Confused as Not Received

“SAFE, CONVENIENT, AND RELIABLE.” That’s the slogan the Social Security Administration (SSA) has always used to describe the Direct Deposit process. As a matter of fact, statistics show that customers who use Direct Deposit are 26 times less likely to report a payment delivery problem as those being paid by check. However, SSA has started to notice another statistic that has given it reason for concern.

Your customers who receive their Social Security payments through Direct Deposit frequently call or come into financial institutions each month to determine if their funds have been credited to their accounts. When told the payment is not there, they report nonreceipt to SSA. This sets in motion the trace process.

On the surface, this does not seem to pose a problem. However, studies done by both SSA and the Department of the Treasury have determined the majority of these nonreceipt reports are inaccurate. These studies have found the payment has been properly received

ACH Benefit Payments Reclaimed Under Revised Rules

Automated Clearing House (ACH) reclamation is the process that the Federal Government uses to recover Federal ACH benefit payments, such as Social Security, Veterans benefits, Civil Service, or military retirement, that it has issued after the death of the beneficiary. The reclamation process involves the Government mailing Notice of Reclamation forms to the receiving depository financial institution (RDFI), which must properly respond by a set deadline. For full instructions, see the Department of the Treasury’s new “Green Book 2000,” available now on the Internet at www.fms.treas.gov/greenbook.

Some changes in RDFIs’ handling of Federal Government ACH reclamations are required by the 1999 revision of Title 31, Code of Federal Regulations, Part 210 (31 CFR 210). These changes are reflected in the new Green Book.

Changes are effective only for any Government Notice of Reclamation (reclamation) issued on or after **May 10, 1999**. Any reclamation first issued before then will be processed under the previous 31 CFR 210 rules, no matter how long that case may take to complete.

The new 31 CFR 210—

■ Requires that the Government must initiate an ACH reclamation within 120 calendar days (4 months) after the date the Federal program agency receives notice of the death. This applies to any case in which the agency received notice of the death on or after May 10, 1999.

■ Also limits an RDFI’s maximum potential liability on the reclamation to payments made in the last 6 years prior to the most recent payment of that agency, *unless* the account balance at the RDFI (when it receives the reclamation) exceeds the total of that 6-year period. In this case, the RDFI is then liable for the total of all post-death payments from that agency, up to that account balance total.

Treasury issues the reclamation listing all post-death payments, not just the 6 years’ worth.

Treasury also reminds all RDFIs that, when returning the full amount of a Government ACH reclamation, they should always use the ACH returns process. Doing so secures for the RDFI a complete, precise, automated, and permanent credit for exactly what it returned. And because it is automated, this credit automatically blocks a future claim from being issued for that payment. If the RDFI instead returns the ACH items by paper check, it will obtain none of these advantages.

by the financial institution but not recognized by an automated response system, a local branch teller, or a customer service representative.

There appear to be certain common situations that give rise to improper reports of nonreceipt. The most common involves early postings. For example, the settlement date is the third of the month. However, due to workload concerns the financial institution chooses to post the payments at close of business on the second. The Social Security beneficiary (your customer) asks financial institution personnel if they received a payment “today,” the third of the month. The employee says “no”; the trace process begins unnecessarily.

The second scenario is similar to the first but involves late postings. For example, due to a systems problem the financial institution is unable to update its systems with payments that should be made available at the opening of a business day. Unfortunately, when Social Security beneficiaries come into the financial institution, the teller or the customer service representative is unaware of the systems problem or any proposed solution, such as memo posting. Once again, beneficiaries send an inaccurate report of nonreceipt to the agency.

SSA is encouraging financial institutions to reexamine their policies and procedures whenever a situation arises that involves “early or late” postings of payments.